



FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON

OFFICE OF
THE CHAIRMAN

January 3, 2020

The Honorable Jon Tester
United States Senate
311 Hart Senate Office Building
Washington, DC 20510

Dear Senator Tester:

Thank you for your letter regarding the proposal to establish a cap on the Universal Service Fund (USF) and ways it could enable the Commission to evaluate the financial aspects of the four USF programs in a more holistic way.

In May, the Commission released a Notice of Proposed Rulemaking (NPRM) seeking comment on possible changes to the budget structures of the four universal service programs, and to promote efficiency, fairness, and sustainability. We initiated this proceeding mindful of our obligation to safeguard the USF funds ultimately paid by consumers and to ensure that these important programs are funded appropriately. Each of the USF programs is currently capped or is operating under a targeted budget. And the Commission believes that an overall cap could help limit the overall contributions burden (which falls on every consumer with a phone bill) and will provide regulatory and financial certainty to both recipients of and contributors to the Fund. I note that the NPRM seeks comment on a proposed overall annual budget of \$11.42 billion, which is more than \$3 billion above current USF program disbursements, and would be adjusted for inflation.

Please let me know if I can be of any further assistance.

Sincerely,

A handwritten signature in black ink that reads "Ajit V. Pai". The signature is written in a cursive style with a large initial "A".

Ajit V. Pai